

Workplaces That Encourage Employee Opinions Put CSR into Practice

As part of its approach to promoting CSR management that accurately reflects current trends and issues, the Cosmo Oil Group is committed to dialogue with external stakeholders. Kanji Tanimoto, professor at the Hitotsubashi University Graduate School of Commerce and Management and a pioneer in CSR research, sat down with Hideto Matsumura, managing director in charge of CSR, and Kunihiro Shoda, general manager of the Corporate Communication Department, to offer his opinions and suggestions for the Cosmo Oil Group's approach to CSR management.

CSR as Part of Corporate Management Spanning the Entire Supply Chain

Tanimoto: The oil industry provides the lifeblood of all industries, and its influence is immeasurable. Delivering oil safely, smoothly and without incident to the consumer is the Cosmo Oil Group's mission and social responsibility. There are now expectations globally for management to place as much emphasis on environmental considerations, human rights, labor issues, and building relationships with local communities as it does on ensuring a stable, secure, and safe supply of oil.

Matsumura: Yes, that is exactly right.

Tanimoto: For these reasons, I believe it is important to create corporate value from a CSR standpoint throughout the industry's extremely long supply chain, spanning from crude oil development through refining, distribution and sales.

Matsumura: Yes, that is true. In order for the Cosmo Oil Group to ensure that we operate safely and secure a stable oil supply, as well as to satisfy society's demands that we take care of the global environment, respect human rights and coexist with local communities, it is important that we optimize the entire supply chain through CSR management, not just certain parts of it.

Tanimoto: Optimizing from a CSR standpoint means re-evaluating management based on the type of company you plan to be, or aspire to be, in the future. I believe this is a concept with both medium- and long-term implications with regard to reinforcing the Group's foundations.

Matsumura: Last year we drafted our Second Consolidated Medium-Term CSR Management Plan and established the CSR Promotion Committee, headed by the president, as part of creating a structure to promote such CSR-related issues as the environment, safety, and corporate ethics. The CSR Promotion Committee oversees activities across the entire Group to ensure that the activities of all our organizations run smoothly.

Tanimoto: In addition to the Consolidated Medium-Term Management Plan, Cosmo Oil takes a Group-wide approach by drawing up medium-term plans for CSR. It seems that the Group's financial objectives are driven by a desire to build trust in management.

Establishing the Code of Conduct and Stakeholder Engagement

Shoda: In October of last year, we undertook a comprehensive revision of the Cosmo Oil Code of Conduct, which had been in place since 2003, as part of our approach to CSR activities throughout the entire Group. The Code was revised to encourage individual employees to take it upon themselves to put CSR into practice in their own workplace.

Tanimoto: In CSR, there are trends in Japan along with global trends. It is extremely important, in fact fundamental, to revise the Code of Conduct to reflect such changes in social demands.

Shoda: The same is true of our objective to transform our CSR philosophy into concrete actions. In the Employee Status Survey, there were employees who responded, "I don't understand how it applies to actual conditions" to questions about the Code of Conduct.

Tanimoto: We protect our company and ourselves when we understand and put into practice guidelines for conduct and compliance, but there is really no point unless every employee comprehends and puts these guidelines into practice. Because employees are also stakeholders in a company, it is essential that their opinions are heard and addressed. "Stakeholder engagement" will undoubtedly become a key concept in the future. There are a variety of ways in which a company communicates with its stakeholders, and I think it's important to be careful to use the appropriate way at the right time.

Matsumura: It would be better if communication with stakeholders were not limited to a given workplace, but rather the Corporate Communication Department or management as a whole could present the opinions of stakeholders to the entire Group.

Tanimoto: I agree. One possibility is to bring people from the local community, NGOs, and experts together in order



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Profile

Born in Osaka, Japan in 1955, Kanji Tanimoto graduated from the Osaka City University Faculty of Business, and then earned a PhD from the Graduate School of Business Administration at Kobe University. He joined Hitotsubashi University as a professor in the Faculty of Commerce and Management in 1997, and has occupied his current position since 2000.



to hear what they have to say in regard to specific issues. Another possibility is to survey customers and shareholders about specific issues. In any case, the question will be how stakeholders' opinions on each issue are addressed, as well as how feedback is incorporated within the Group.

Shoda: Since the accident in 2006, the Corporate Communication Department has worked hard to convey the Group's policies to various stakeholders. And for that reason, we have been very careful in how we handle information coming from the workplace.

Matsumura: Straightforward and sincere responses are important in this context.

Shoda: It is the role of the Corporate Communication Department to gather suggestions for how the Group and management can most appropriately deal with incidents that occur. If the Department is known as the place in the Group to come for consultations, then we will receive more information and be able to create a virtuous cycle.

Tanimoto: The issue of how opinions from outside and from within the Group are incorporated into daily management and business practices becomes important.

Communication between Individuals as the Foundation for CSR

Tanimoto: I think that, in addition to the maintenance of structure and systems, the roles of the individual and of the organization become all the more important to putting CSR management into practice. For example, even if there are regulations to prevent long work hours and a system for taking holidays in place, these systems lose their purpose if a company does not provide concrete support in the workplace to make it easy for employees to take days off.

Matsumura: As you correctly point out, I also believe a shared understanding in the workplace and a practical management approach is important in this instance.

Tanimoto: I believe the most important factor in these cases is communication within the organization. If the

atmosphere in the workplace is open and employees are able to freely share their opinions without being inhibited by concerns about age, gender or status differences, I think that open and frank discussions will take place and violations of codes of conduct, laws and regulations will no longer be ignored.

Matsumura: I would like to see the creation of workplace environments that motivate everyone to work with a positive attitude. This would also include a change of awareness at the management level.

Tanimoto: I think that the starting point is encouraging communication within each department, then throughout the entire Group and finally with those outside of it. This can foster an organic organization built on mutual understanding, which is important in promoting CSR management.

Shoda: It really is all about communication between people, isn't it? The Cosmo Oil Group supply chain includes Group companies and affiliates, and with a variety of employees working at each, it is not always easy to increase mutual understanding across the entire chain. However, I think we in the Corporate Communication Department need to take the lead in encouraging communication between those in each of the organizations and workplaces and those in the Head Office.

Matsumura: This discussion affirms that we are not mistaken in our basic policy on CSR and the way we have developed our systems. You have, however, offered a valuable lesson by pointing out that, even with our progress on putting structures and systems into place, instituting CSR management ultimately comes down to the organizations and individuals at each workplace. For us to continue to be a corporate group that society trusts and expects much from, we must continue to work hard to put CSR management into practice. Thank you so much for taking the time to share your insights with us today.



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